

AFFIDAVIT

STATE OF GEORGIA

COUNTY OF FULTON

BEFORE ME, the undersigned authority, duly commissioned and qualified in and for the State and County aforesaid, personally came and appeared P. L. (Scot) Ferguson, who, being by me first duly sworn deposed and said that:

He is appearing as a witness before the Kentucky Public Service Commission in Case No. 2004-00044, In the Matter of: Joint Petition for Arbitration of NewSouth Communications Corp., Nuvox Communications, Inc., KMC Telecom V, Inc., KMC Telecom III LLC, and Xspedius Communications, LLC on behalf of its Operating Subsidiaries Xspedius Management Co. Switched Services, LLC, Xspedius Management Co. of Lexington, LLC, and Xspedius Management Co. of Louisville, LLC, and if present before the Commission and duly sworn, his direct testimony would be set forth in the annexed testimony consisting of 8 pages and 0 exhibits.



P. L. (Scot) Ferguson

SWORN TO AND SUBSCRIBED BEFORE ME
THIS 14th DAY OF DECEMBER, 2004

 Notary Public

MICHEALE F. BIXLER
Notary Public, Douglas County, Georgia
My Commission Expires November 3, 2005

1 BELLSOUTH TELECOMMUNICATIONS, INC.
2 REBUTTAL TESTIMONY OF P.L. (SCOT) FERGUSON
3 BEFORE THE KENTUCKY PUBLIC SERVICE COMMISSION
4 CASE NO. 2004-00044
5 DECEMBER 17, 2004
6
7

8 Q. PLEASE STATE YOUR NAME, YOUR POSITION WITH BELLSOUTH
9 TELECOMMUNICATIONS, INC. AND YOUR BUSINESS ADDRESS.

10
11 A. My name is Scot Ferguson. I am employed by BellSouth Telecommunications,
12 Inc. ("BellSouth") as Manager – Network Interconnection Operations. In this
13 position, I handle certain issues related to local interconnection matters, primarily
14 operations support systems ("OSS"). My business address is 675 West Peachtree
15 Street, Atlanta, Georgia 30375.

16
17 Q. HAVE YOU PREVIOUSLY FILED TESTIMONY IN THIS PROCEEDING?

18
19 A. Yes. I filed Direct Testimony with five (5) exhibits on November 19, 2004.
20

21 Q. WHAT IS THE PURPOSE OF YOUR REBUTTAL TESTIMONY?

22
23 A. The purpose of my Rebuttal Testimony is to address various concerns and issues
24 raised in the Direct Testimony filed by KMC Telecom V, Inc. and KMC Telecom
25 III, LLC, (together, "KMC"), NuVox Communications, Inc. and NewSouth

1 Communications Corp. (together, “NuVox/NewSouth”), and the Xspedius
2 Companies. I refer to these companies collectively as the “Joint Petitioners.”

3
4 This Rebuttal Testimony should be read in conjunction with my Direct
5 Testimony.

6
7 ***Item 43 (Issue 2-25): Under what circumstances should BellSouth be required to***
8 ***provide a CLEC with Loop Makeup information on a facility used or controlled by***
9 ***another CLEC? (Attachment 2, Section 2.18.1.4)***

10
11 Q. THE JOINT PETITIONERS STATE IN THEIR DIRECT TESTIMONY,
12 BEGINNING AT PAGE 63, LINE 18, THAT “THE LAW DOES NOT
13 REQUIRE AN LOA FROM THIRD-PARTY CARRIERS.” PLEASE
14 RESPOND.

15
16 A. Whether the “law” requires a Letter of Authorization (“LOA”) is irrelevant to this
17 Commission’s determination of this issue. This is because BellSouth's policy of
18 requiring an LOA to review loop make-up (“LMU”) information for shared loop
19 applications was implemented properly through BellSouth’s Change Control
20 Process (“CCP”). This means that, operationally, all types of requests for LMU
21 require an LOA.

22
23 As I stated in my Direct Testimony, this issue belongs in the CCP. Until such
24 time as the CCP has been fully utilized to achieve a decision by consensus of the

1 CLECs to change the existing process, BellSouth should not be required to
2 provide a CLEC's loop information without an LOA to these few CLECs.
3

4 Q. THE JOINT PETITIONERS STATE, AT PAGE 64, LINES 13-15, THAT
5 BELLSOUTH'S LANGUAGE "PROPOSAL IS PURE MISCHIEF," AND
6 THAT "BELLSOUTH DOES NOT NEED AN LOA FROM ONE
7 COMPETITOR IN ORDER TO PROVIDE LOOP MAKE-UP INFORMATION
8 TO ANOTHER." IS THAT CORRECT?
9

10 A. No. As I stated in my Direct Testimony, I stated that the LOA requirement
11 implemented for shared loop applications means that *all* requests by a third-party
12 for LMU information require an LOA, regardless of the reason for the request.
13 BellSouth's LMU process does not – and cannot – ascertain the intent of a
14 CLEC's request or whether an LOA should be required because it is a shared loop
15 application request or another type of request. Thus, all LMU requests by a third
16 party are treated the same, and, for operational reasons, BellSouth *does* need an
17 LOA regardless of the type of request scenario.
18

19 There is no mischief on BellSouth's part. The LOA requirement for shared loop
20 applications has been in place for the last three years, and no CLEC has
21 complained. In fact, BellSouth is indifferent as to whether CLECs can use LMU
22 information for another CLEC's loop for competitive purposes. However,
23 because this process has been in place for three years and is the current standard
24 upon which other CLECs rely, BellSouth must preserve the integrity of the CCP
25 and refuse to voluntarily provide LMU information without an LOA.

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Q. THE JOINT PETITIONERS STATE, AT PAGE 64, LINES 3-5, THAT THE LOA REQUIREMENT “WILL ALSO INHIBIT PETITIONERS’ ABILITY TO COMPETE, AS IT EFFECTIVELY INSTITUTES A POLICY OF ONE COMPETITOR HAVING TO ASK ANOTHER FOR PERMISSION TO COMPETE FOR THEIR CUSTOMERS.” PLEASE RESPOND.

A. The Joint Petitioners do not want to follow the established policy for viewing CLEC LMU information and, instead, want BellSouth to initiate a different process just for them that will require BellSouth to provide the Joint Petitioners with information that other CLECs have asked BellSouth to protect, and, in practice, has been protected for the last three years. Further, whether an LOA is required for a CLEC to view LMU information of a competing CLEC should be addressed in the CCP where all CLECs can participate in that decision, if they so choose.

The CCP is designed to tackle this very type of issue. For instance, there is currently a similar situation before the CCP regarding the CLECs’ reciprocal viewing of each others’ customer service record (“CSR”) information. The CLECs have worked collaboratively within the CCP to determine the LOA process for various types of ordering scenarios. The same collaborative process could – and should – be undertaken with regard to LOAs for LMU.

Q. THE JOINT PETITIONERS, AT PAGE 64, LINES 19-20, STATE THAT “IF CUSTOMER PRIVACY IS BELLSOUTH’S TRUE CONCERN, THAT ISSUE

1 IS NOT ADDRESSED IN ITS PROPOSED LANGUAGE.” WHY IS THAT
2 STATEMENT INACCURATE?

3

4 A. By its very nature, an LOA is designed to protect information and to prevent its
5 use by an unauthorized party. For the Joint Petitioners to suggest that BellSouth's
6 language requiring an LOA does not indicate a concern for privacy shows the
7 Joint Petitioners' lack of general understanding of the intent of an LOA, and the
8 history and acceptance of the LOA requirement by the other CLECs in
9 BellSouth's region.

10

11 *Item 86 (Issue 6-3) (B) How should disputes over alleged unauthorized access to CSR*
12 *information be handled under the agreement? (Attachment 6, Sections 2.5.6.2 and*
13 *2.5.6.3)*

14

15 Q. THE JOINT PETITIONERS, AT PAGE 85, LINES 16-17, CHARACTERIZE
16 BELL SOUTH'S POSITION ON THIS ISSUE AS ONE OF "SELF HELP," AND
17 SUGGEST THAT IT IS "INAPPROPRIATE AND COERCIVE." PLEASE
18 RESPOND.

19

20 A. If anything, BellSouth's proposed language is that of self-protection. As I
21 described in my Direct Testimony, BellSouth simply wants to ensure that it can
22 properly protect the proprietary CSR information that it is obligated to protect. If
23 BellSouth has reason to believe that any CLEC is abusing access to CSR
24 information, BellSouth needs to have necessary and *timely* recourse to limit that

1 CLEC's access to protect BellSouth's customers and the customers of other
2 CLECs.

3

4 Further, BellSouth's language gives the Joint Petitioners an opportunity to cure
5 unauthorized access to CSR information before terminating such access.

6 BellSouth presented this language for two reasons. First, the fact that the Joint
7 Petitioners have an opportunity to cure the unauthorized access establishes that
8 BellSouth will not unilaterally invoke this right without notice to the offending
9 CLEC. Second, the language encourages the offending CLEC to take appropriate
10 measures to stop its improper actions, thereby obviating the need for BellSouth to
11 suspend or terminate access. As I discussed in my Direct Testimony, BellSouth
12 has resorted to termination only once in its region to my knowledge as a means to
13 curb abusive CSR access by a CLEC.

14

15 Q. THE JOINT PETITIONERS STATE, AT PAGE 86, LINES 5-6, THAT
16 DISPUTES "SHOULD BE HANDLED IN ACCORDANCE WITH THE
17 DISPUTE RESOLUTION PROVISIONS OF THE CONTRACT." FURTHER,
18 AT LINES 7-9, THEY STATE THAT BELLSOUTH " SHOULD NOT
19 CONTINUE TO OPPOSE INCLUDING A COURT OF LAW AS AN
20 APPROPRIATE VENUE FOR DISPUTE RESOLUTIONS." WHAT IS THE
21 RELEVANCE OF THESE CLAIMS?

22

23 A. As I described in my Direct Testimony, BellSouth needs timely resolution of a
24 situation that places BellSouth, other CLECs and end-user customers at risk.

25 BellSouth does not suspend or terminate access to OSS interfaces on a whim, and,

1 generally speaking, CLECs have corrected problems when BellSouth notified
2 them of the need to do so. The Joint Petitioners seem to suggest that they want
3 BellSouth to file a complaint with an undefined “court of law.” Of course, in all
4 likelihood, a court of law would be unfamiliar with interconnection agreements
5 and the rules and regulations that apply to such agreements. Thus, it could take
6 months, or even years, for such a court to understand and resolve straightforward
7 issues before suspension of the CLEC’s access.

8
9 Further, I explained that a CLEC could continue to access the Customer
10 Proprietary Network Information (“CPNI”) of untold numbers of CLEC and
11 BellSouth customers – without proper authority – while BellSouth waits for the
12 legal process to run its course. Of course, during the protracted legal process, this
13 Commission would probably have to handle numerous CLEC and customer
14 complaints about CPNI violations by BellSouth.

15
16 BellSouth is obligated to protect this information as quickly and expeditiously as
17 possible when abuse is discovered. BellSouth’s proposed language balances the
18 Joint Petitioners’ concerns with BellSouth’s right to protect its network,
19 information and processes in the most expedient manner.

20
21 The Joint Petitioners’ suggestion, at page 86, lines 13-14, that BellSouth would
22 use suspension and termination “regardless of its potential impact on its
23 competition or customers who have been disloyal to BellSouth” is pure
24 imagination and without merit. BellSouth's past performance indicates that
25 BellSouth is not predisposed to suspending or terminating a CLEC’s OSS access

1 during a good-faith effort on the part of the CLEC to resolve an issue of CSR
2 access.

3

4

5 Q. DOES THAT CONCLUDE YOUR TESTIMONY?

6

7 A. Yes.

AFFIDAVIT

STATE OF MISSOURI

COUNTY OF BOONE

BEFORE ME, the undersigned authority, duly commissioned and qualified in and for the State and County aforesaid, personally came and appeared Eric Fogle, who, being by me first duly sworn deposed and said that:

He is appearing as a witness before the Kentucky Public Service Commission in Case No. 2004-00044, In the Matter of: Joint Petition for Arbitration of NewSouth Communications Corp., Nuvox Communications, Inc., KMC Telecom V, Inc., KMC Telecom III LLC, and Xspedius Communications, LLC on behalf of its Operating Subsidiaries Xspedius Management Co. Switched Services, LLC, Xspedius Management Co. of Lexington, LLC, and Xspedius Management Co. of Louisville, LLC, and if present before the Commission and duly sworn, his direct testimony would be set forth in the annexed testimony consisting of 12 pages and 0 exhibits.



Eric Fogle

SWORN TO AND SUBSCRIBED BEFORE ME
THIS 10 DAY OF DECEMBER, 2004



Notary Public

LORI M. CONDRON
Notary Public - Notary Seal
State of Missouri
County of Boone
My Commission Expires October 22, 2006

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BELLSOUTH TELECOMMUNICATIONS, INC.
REBUTTAL TESTIMONY OF ERIC FOGLE
BEFORE THE KENTUCKY PUBLIC SERVICE COMMISSION
DOCKET NO. 2004-00044
DECEMBER 17, 2004

Q. PLEASE STATE YOUR NAME, YOUR BUSINESS ADDRESS, AND YOUR POSITION WITH BELLSOUTH TELECOMMUNICATIONS, INC. ("BELLSOUTH").

A. My name is Eric Fogle. I am employed by BellSouth Resources, Inc., as a Director in BellSouth's Interconnection Operations Organization. My business address is 675 West Peachtree Street, Atlanta, Georgia 30375.

Q. ARE YOU THE SAME ERIC FOGLE THAT FILED DIRECT TESTIMONY IN THIS PROCEEDING?

A. Yes. I filed Direct Testimony on November 19, 2004.

Q. WHAT IS THE PURPOSE OF YOUR REBUTTAL TESTIMONY FILED TODAY?

A. My testimony provides rebuttal to the direct testimony of KMC Telecom V, Inc. & KMC Telecom III LLC ("KMC"), NewSouth Communications

1 Corp. (“NewSouth”), NuVox Communications Corp. (“NuVox”), and
2 Xspedius Companies (“Xspedius”), collectively referred to as “Joint
3 Petitioners.” Specifically, I will address the following issue numbers, in
4 whole or in part: 2-18 (Item 36), 2-19 (Item 37), 2-20 (Item 38), and 2-
5 28 (Item 46).

6

7 Q. DO YOU HAVE ANY PRELIMINARY COMMENTS?

8

9 A. Yes. As I stated in my direct testimony, there are numerous
10 unresolved issues in this arbitration that have underlying legal
11 arguments. Because I am not an attorney, I am not offering a legal
12 opinion on these issues. I respond to these issues purely from a policy
13 or technical perspective. BellSouth’s attorneys will address issues
14 requiring legal argument.

15

16 ***Item 36; Issue 2-18: (A) How should line conditioning be defined in the***
17 ***Agreement? (B) What should BellSouth’s obligations be with respect to***
18 ***Line Conditioning? (Attachment 2, Section 2.12.1)***

19

20 Q. ON PAGE 55 OF THE JOINT PETITIONERS’ TESTIMONY, THEY
21 STATE “LINE CONDITIONING SHOULD BE DEFINED IN THE
22 AGREEMENT AS SET FORTH IN FCC RULE 47 CFR 51.319
23 (a)(1)(iii)(A).” DO YOU AGREE?

24

25 A. No. Federal Communications Commission (“FCC”) Rule

1 51.319(a)(1)(iii) provides a definition for line conditioning but the
2 Triennial Review Order (“*TRO*”) clarifies this definition (in Paragraph
3 643) by requiring line conditioning “that incumbent LECs regularly
4 perform in order to provide xDSL services to their own customers.” The
5 definition of line conditioning in the Agreement should be consistent
6 with the *TRO*. The Joint Petitioners’ position ignores this fact as well
7 as the FCC’s findings in the *TRO*.

8

9 Q. THE JOINT PETITIONERS, ON PAGE 56 OF THEIR TESTIMONY
10 STATE “LINE CONDITIONING IS NOT LIMITED TO THOSE
11 FUNCTIONS THAT QUALIFY AS ROUTINE NETWORK
12 MODIFICATIONS.” PLEASE COMMENT.

13

14 A. It is impossible to square the Joint Petitioners’ statement with the
15 FCC’s findings in paragraph 643 of the *TRO*, where it specifically
16 states the opposite: “Line conditioning is properly seen as a routine
17 network modification that incumbent LECs regularly perform in order to
18 provide xDSL services to their own customers.” Thus, the Kentucky
19 Public Service Commission (“Commission”) should reject the Joint
20 Petitioners’ position.

21

22 Q. FURTHER, ON PAGE 56 OF THEIR TESTIMONY, THE JOINT
23 PETITIONERS CLAIM THAT A “ROUTINE NETWORK
24 MODIFICATION” IS NOT THE SAME OPERATION AS “LINE
25 CONDITIONING” NOR IS XDSL SERVICE IDENTIFIED BY THE FCC

1 AS THE ONLY SERVICE DESERVING OF PROPERLY
2 ENGINEERED LOOPS.” PLEASE COMMENT

3

4 A. The Joint Petitioners’ position is inconsistent with the *TRO*. For
5 instance, the FCC defines a “routine network modification” in
6 paragraph 632 of the *TRO* as those activities that incumbent LECs
7 regularly undertake for their own customers.” In paragraph 643 of the
8 *TRO*, the FCC further states that “[a]s noted above, incumbent LECs
9 must make the routine adjustments to unbundled loops to deliver
10 services at parity with how incumbent LECs provision such facilities for
11 themselves.” BellSouth’s language is entirely consistent with the
12 FCC’s ruling in the *TRO* on this issue, and, as stated in my direct
13 testimony, in some situations exceeds the FCC’s requirements for line
14 conditioning.

15

16 Q. WITH RESPECT TO ISSUE 2-18 (B), THE JOINT PETITIONERS, ON
17 PAGES 57-58 OF THEIR TESTIMONY STATE THAT “IT IS NOT
18 PERMISSABLE UNDER THE RULES FOR BELLSOUTH TO
19 PERFORM LINE CONDITIONING ONLY WHEN IT WOULD DO SO
20 FOR ITSELF.”

21

22 A. It is impossible to reconcile this position with the FCC’s findings in
23 paragraph 643 of the *TRO* where it expressly found that “line
24 conditioning is properly seen as a routine network modification that
25 incumbent LECs **regularly perform** in order to provide xDSL services

1 **to their own customers.”** (*emphasis added*).

2

3 Q. FURTHER, THE JOINT PETITIONERS CLAIM THAT DISCUSSING
4 “ROUTINE NETWORK MODIFICATION” AS OCCURRING UNDER
5 RULE 51.319(a)(1)(iii) IS SIMPLY WRONG: THAT TERM DOES NOT
6 APPEAR ANYWHERE IN RULE 51.319(a)(1)(iii).” PLEASE
7 COMMENT.

8

9 A. The FCC’s Routine Network Modification discussion, and its relation to
10 Line Conditioning are clearly articulated in paragraphs 642-644 of the
11 *TRO*. The very fact that the Rule 51.319(a)(1)(iii) may not mention the
12 phrase “routine network modifications” does not negate the FCC’s
13 express findings in the *TRO*.

14

15 ***Item 37; Issue 2-19: Should the Agreement contain specific provisions***
16 ***limiting the availability of load coil removal to copper loops of 18,000***
17 ***feet or less? (Attachment 2, Section 2.12.2)***

18

19 Q. THE JOINT PETITIONERS STATE, ON PAGE 58 OF THEIR
20 TESTIMONY, THAT “PETITIONERS ARE ENTITLED TO OBTAIN
21 LOOPS THAT ARE ENGINEERED TO SUPPORT WHATEVER
22 SERVICE WE CHOOSE TO PROVIDE.” PLEASE COMMENT.

23

24 A. BellSouth does not make any attempt to limit the services that the Joint
25 Petitioners wish to provide over the loops that they purchase as UNE’s

1 from BellSouth. However, BellSouth is only obligated by the *TRO* to
2 provide line conditioning on loops at parity to what it does for itself.
3 Competitive Local Exchange Carriers (“CLECs”) are then free to utilize
4 that loop to support whatever service the CLEC chooses to provide.

5
6 Q. DO YOU AGREE WITH THE JOINT PETITIONERS’ STATEMENT,
7 ON PAGE 59 OF THEIR TESTIMONY, THAT “NOTHING IN ANY FCC
8 ORDER ALLOWS BELL SOUTH TO TREAT LINE CONDITIONING IN
9 DIFFERENT MANNERS DEPENDING ON THE LENGTH OF THE
10 LOOP”?

11
12 A. No. As I stated in my direct testimony, the *TRO* clearly states that
13 BellSouth must perform the same line conditioning activities for CLECs
14 as it does for its own retail customers. Therefore, BellSouth’s
15 procedures for providing line conditioning to its retail customers is the
16 same process and procedures that apply to the Joint Petitioners. For
17 its retail voice service customers, BellSouth adds or does not add load
18 coils depending on the length of the copper loop, as set forth in my
19 direct testimony, and, consistent with the *TRO*, BellSouth has offered
20 this same procedure to the Joint Petitioners.

21
22 ***Item 38; Issue 2-20: Under what rates, terms and conditions should***
23 ***BellSouth be required to perform Line Conditioning to remove bridged***
24 ***taps? (Attachment 2, Sections 2.12.3 & 2.12.4)***

25

1 Q. DO YOU AGREE WITH THE JOINT PETITIONERS' ASSERTION
2 THAT REMOVAL OF BRIDGED TAPS IS INCLUDED IN THE
3 DEFINITION OF LINE CONDITIONING?
4

5 A. No. If BellSouth routinely removed bridged taps for its own retail
6 customers in order to provide xDSL services, then the removal of
7 bridged taps for CLECs would be included in the *TRO* definition of line
8 conditioning. As I stated in my direct testimony, because BellSouth
9 does not routinely remove bridged taps for its own xDSL customers,
10 such activity does not fall within the FCC's definition of line
11 conditioning in the *TRO*.
12

13 Q. DO YOU BELIEVE THAT BRIDGED TAP THAT IS LESS THEN 2,500
14 FEET IN LENGTH SIGNIFICANTLY IMPAIRS THE PROVISION OF
15 HIGH SPEED DATA TRANSMISSION?
16

17 A. No. The policy of not removing bridged taps less than 2,500 feet
18 ("Short Bridged Taps") was established by both BellSouth and the
19 CLECs through the industry shared loop collaborative. Both BellSouth
20 and the CLECs in this collaborative would not have agreed to such a
21 policy if they believed that failing to remove Short Bridged Taps would
22 impair the provision of high speed data service. Additionally, this joint
23 policy is consistent with industry standards for xDSL services, which
24 recommend bridged taps on loops to be between 2,500 feet and 6,000
25 feet in length. BellSouth's line conditioning policies are consistent with

1 these standards.

2

3 ***Item 46; Issue 2-28: Should the CLECs be allowed to incorporate any***
4 ***Commission decision that required BellSouth to provide DSL over UNE-***
5 ***P? (Attachment 2, Section 3.10.4)***

6

7 Q. WHAT IS BELLSOUTH'S POSITION ON THIS ISSUE?

8

9 A. As stated in my Direct Testimony, it is BellSouth's position that
10 BellSouth's provision of DSL on both a wholesale and retail basis is
11 consistent with federal and state laws. Where available, BellSouth
12 provides its retail DSL service FastAccess® to both its voice end users
13 and also to end users of CLECs who obtain service over a resold line.
14 BellSouth also provides wholesale DSL service to CLECs pursuant to
15 BellSouth's FCC tariff. Further, Kentucky Statute KRS 278.546 (which
16 went into effect July 13, 2004) precludes state regulation of broadband
17 service and equipment used to provide such service. As a result, the
18 Commission may not create state regulations over broadband service,
19 which would be the result if BellSouth is required to provide
20 FastAccess® or DSL over UNE-P. As stated below, such a ruling
21 would not only conflict with state law but also federal law as well.

22

23 Q. THE JOINT PETITIONERS STATE, ON PAGE 66 OF THEIR
24 TESTIMONY, "FOUR STATE COMMISSIONS, GEORGIA, FLORIDA,
25 KENTUCKY AND LOUISIANA HAVE AGREED." PLEASE COMMENT.

1 A. This Commission's prior rulings that required BellSouth to offer its
2 federally tariffed DSL transport services over a CLEC's UNE-P facility
3 have been voided by Kentucky Statute KRS 278.546 (which went into
4 effect July 13, 2004). The Kentucky Statute is consistent with the FCC
5 rulings and the decisions of the state commissions of North Carolina,
6 South Carolina, Alabama, and Mississippi, all of which do not require
7 BellSouth to provide its DSL services to the end-user customers of a
8 CLEC.

9
10 Further, for those state commissions that still impose requirements as
11 to DSL, no two (2) commissions have ordered the same terms and
12 conditions as to how their orders should be implemented. As a result
13 of those state orders being different, significant costs and burdens are
14 imposed on BellSouth for it to comply.

15
16 Q. SUBPART (A) OF THE JOINT PETITIONERS ISSUE STATEMENT
17 ASKS THE QUESTION "MAY BELLSOUTH REFUSE TO PROVIDE
18 DSL SERVICES TO CLEC'S CUSTOMERS ABSENT A
19 COMMISSION ORDER ESTABLISHING A RIGHT FOR IT TO DO
20 SO?" WHAT IS BELLSOUTH'S POSITION ON THE JOINT
21 PETITIONERS' ITEM 46(A)?

22
23 A. As indicated earlier, with the passage of the Kentucky Broadband Act
24 and as determined by the FCC, BellSouth has no obligation to provide
25 its DSL service when a customer migrates to a CLEC via UNEs.

1 Accordingly, the only answer to the issue as phrased by the Joint
2 Petitioners, based on applicable precedent, is “Yes.”¹

3

4 Q. SUBPART (B) OF THE JOINT PETITIONERS ISSUE STATEMENT
5 ASKS THE QUESTION “SHOULD CLEC BE ENTITLED TO
6 INCORPORATE INTO THE AGREEMENT, FOR THE TERM OF THIS
7 AGREEMENT, RATES, TERMS AND CONDITIONS THAT ARE NO
8 LESS FAVORABLE IN ANY RESPECT, THAN THE RATES TERMS
9 AND CONDITIONS THAT BELLSOUTH HAS WITH ANY THIRD
10 PARTY THAT WOULD ENABLE CLEC TO SERVE A CUSTOMER
11 VIA A UNE LOOP THAT MAY ALSO BE USED BY BELLSOUTH FOR
12 THE PROVISION OF DSL SERVICES TO THE SAME CUSTOMER?”
13 WHAT IS BELLSOUTH’S POSITION ON THE JOINT PETITIONERS
14 ITEM 46(B)?

15

16 A. In light of recent FCC rulings, the Joint Petitioners cannot incorporate

¹ See Memorandum Opinion and Order, *In the Matter of GTE Telephone Operating Cos. GTOC Tariff No. 1*, 13 F.C.C. rcd 22,466 at ¶1 (October 30, 1998) (emphasis added).

FCC Order No. 02-247, *In the Matter of Joint Application by BellSouth Corporation, BellSouth Telecommunications, Inc., and Bellsouth Long Distance, Inc. for Provision of In-Region, InterLATA Services in Georgia and Louisiana*, CC Docket No. 02-35, Rel. May 15, 2002. (“GA/LA271Order”)

See 17 FCC Rcd at 17683, Para. 164; see also Memorandum Opinion and Order, Application by BellSouth Corporation, et al., for Authorization to Provide In-region, Inter-LATA Services in Florida and Tennessee, 17 FCC Rcd 17595 (2002) and 17 FCC Rcd at 25922, para. 178.

In Re: Deployment of Wireline Services Offering Advanced Telecommunications Capability, Order No. FCC 99-355 in CC Docket Nos. 98-147, 96-98 (Released December 9, 1999) (*Line Sharing Order*).

Third Report and Order on Reconsideration in CC Docket No. 98-147 and *Fourth Report and Order on Reconsideration* in CC Docket No. 96-98, Order No. FCC 01-26 (Released January 19, 2001) (*Line Sharing Reconsideration Order*).

1 the rates, terms, and conditions relating to the provision of BellSouth's
2 DSL service over UNE-P that exists in other, existing agreements.
3 This is because the FCC recently interpreted Section 252(i) of the Act
4 to require CLECs to adopt another carrier's interconnection agreement
5 in its entirety. In doing so, the FCC expressly prohibited what the Joint
6 Petitioners are trying to do here – that is “pick and choose” certain
7 portions of other carriers' agreements. Furthermore, because the FCC
8 prohibited the adoption of any agreement that contains “frozen
9 elements” in the *Interim Rules Order*, even if the Joint Petitioners
10 wanted to adopt prior agreements in their entirety, such adoption would
11 be prohibited because all of the subject agreements that contain the
12 right to obtain DSL over UNEs have been “frozen.”

13
14 Additionally, and as explained earlier, with the implementation of
15 Kentucky Statute KRS 278.546, the DSL over UNE-P language of
16 other agreements is now void.

17
18 Q. DO YOU AGREE WITH THE JOINT PETITIONERS' POSITION, ON
19 PAGE 67 OF THEIR TESTIMONY, THAT BELLSOUTH SHOULD
20 PROVIDE ITS DSL SERVICES TO A CLEC AND ITS END-USERS
21 “FREE OF CHARGE” UNTIL THIS ISSUE IS RESOLVED TO THE
22 SATISFACTION OF THE JOINT PETITIONERS?

23
24 A. No. The Joint Petitioners are attempting to reap a windfall at
25 BellSouth's expense. The Commission cannot require BellSouth to

1 provide its services, particularly an FCC tariffed service such as DSL
2 at no charge to a CLEC and its end-user customers. To do so, even
3 temporarily, would be a violation of Kentucky law, including the
4 Kentucky Broadband Act, and would economically penalize BellSouth
5 (to the advantage of the Joint Petitioners) by providing the Joint
6 Petitioners DSL service at no expense.

7

8 Q. DOES THIS CONCLUDE YOUR TESTIMONY?

9

10 A. Yes.

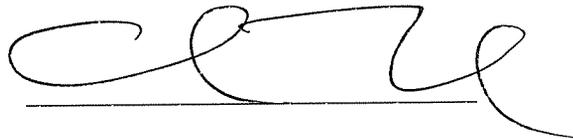
AFFIDAVIT

STATE OF GEORGIA

COUNTY OF FULTON

BEFORE ME, the undersigned authority, duly commissioned and qualified in and for the State and County aforesaid, personally came and appeared Carlos Morillo, who, being by me first duly sworn deposed and said that:

He is appearing as a witness before the Kentucky Public Service Commission in Case No. 2004-00044, In the Matter of: Joint Petition for Arbitration of NewSouth Communications Corp., Nuvox Communications, Inc., KMC Telecom V, Inc., KMC Telecom III LLC, and Xspedius Communications, LLC on behalf of its Operating Subsidiaries Xspedius Management Co. Switched Services, LLC, Xspedius Management Co. of Lexington, LLC, and Xspedius Management Co. of Louisville, LLC, and if present before the Commission and duly sworn, his direct testimony would be set forth in the annexed testimony consisting of 27 pages and 0 exhibits.



Carlos Morillo

SWORN TO AND SUBSCRIBED BEFORE ME
THIS 14th DAY OF DECEMBER, 2004

 Notary Public

MICHEALE F. BIXLER
Notary Public, Douglas County, Georgia
My Commission Expires November 3, 2005

1 BELLSOUTH TELECOMMUNICATIONS, INC.
2 REBUTTAL TESTIMONY OF CARLOS MORILLO
3 BEFORE THE KENTUCKY PUBLIC SERVICE COMMISSION
4 DOCKET NO. 2004-00044

5
6 DECEMBER 17, 2004
7

8 Q. PLEASE STATE YOUR NAME, YOUR POSITION WITH BELLSOUTH
9 TELECOMMUNICATIONS, INC. ("BELLSOUTH"), AND YOUR BUSINESS
10 ADDRESS.

11
12 A. My name is Carlos Morillo. I am employed by BellSouth as Director - Policy
13 Implementation for the nine-state BellSouth region. My business address is 675
14 West Peachtree Street, Atlanta, Georgia 30375.

15
16 Q. HAVE YOU PREVIOUSLY FILED TESTIMONY IN THIS PROCEEDING?
17

18 A. Yes. I filed direct testimony on November 19, 2004.
19

20 Q. WHAT IS THE PURPOSE OF YOUR SUPPLEMENTAL REBUTTAL
21 TESTIMONY?
22

23 A. The purpose of my supplemental rebuttal testimony is to respond to Joint
24 Petitioners direct testimony filed November 12, 2004 as it relates to the
25 remaining, unresolved policy issues in this proceeding pertaining to Attachments

1 6 and 7 of the Interconnection Agreement. Specifically, my supplemental rebuttal
2 testimony addresses Issues 6-5, 7-1, 7-3, 7-5, 7-6, 7-7, 7-8, 7-9, 7-10 and 7-12.

3

4 Q. DO YOU HAVE ANY PRELIMINARY COMMENTS?

5

6 A. Yes. The remaining unresolved issues in this arbitration have underlying legal
7 arguments. Because I am not an attorney, I am not offering a legal opinion on
8 these issues. I respond to these issues purely from a policy perspective.
9 BellSouth's attorneys in BellSouth's Briefs will address issues requiring legal
10 argument.

11

12 *Item 88; Issue 6-5: What rate should apply for Service Date Advancement (a/k/a*
13 *service expedites)? (Attachment 6, Section 2.6.5)*

14

15 Q. WHAT IS BELLSOUTH'S POSITION ON THIS ISSUE?

16

17 A. BellSouth's obligations under Section 251 of the 1996 Act are to provide service
18 in standard intervals at cost-based prices. There is no Section 251 requirement
19 that obligates BellSouth to provide service in less than the standard interval. Nor
20 is there any requirement for BellSouth to provide faster service to its wholesale
21 customers than to its retail customers. Because BellSouth is not required to
22 provide expedited service pursuant to the 1996 Act, the Petitioners' request is not
23 appropriate for a Section 251 arbitration; and it should not, therefore, be included
24 in the Agreement. If BellSouth elects to offer this service in the Agreement, it

1 should not be penalized for doing so by having TELRIC rates apply to a function
2 that is not even contemplated by the Act.

3

4 Q. PLEASE ADDRESS THE PETITIONERS' CONTENTIONS AT PAGE 87
5 THAT BELLSOUTH'S EXPEDITE CHARGES ARE INFLATED, WERE NOT
6 SET BY THE COMMISSION AND DO NOT COMPORT WITH THE TELRIC
7 PRICING STANDARD.

8

9 A. First, BellSouth's expedite charges are set forth in BellSouth's FCC No. 1 Tariff,
10 Section 5 (which is an FCC-approved tariff). These are the same charges that
11 BellSouth's retail customers are charged when a retail customer requests service
12 in less than the standard interval. Such rates reflect the value of the expedited
13 service being provided. To the extent that a CLEC wants expedited service, the
14 CLEC should pay the same rates as BellSouth's retail customers. Regarding the
15 contention that expedite charges should reflect TELRIC pricing, the Petitioners
16 are incorrect. As noted above, BellSouth's obligation is to provide UNEs within
17 the standard interval. BellSouth has no obligation to provide CLECs with
18 expedited service. Because expedited service is not an obligation under Section
19 251, the cost-based pricing standards of Section 252(d) do not apply.

20

21 As a practical matter, if there were no charge or only a minor charge for expedited
22 service requests, it is likely that most CLEC orders would be expedited, causing
23 BellSouth to miss its standard intervals and its obligations to provide non-
24 discriminatory access. The result would be most, if not all, orders would either be
25 expedited or late, due to the volume of expedite orders that preempt other

1 scheduled orders with standard intervals. BellSouth's position on this issue is
2 reasonable and provides parity of service between how BellSouth treats CLECs
3 and how it treats its own retail customers.
4

5 *Item 95; Issue 7-1: What limitations period should apply to charges under the*
6 *agreement and should such limitations period apply to all issues related to billing*
7 *under the agreement? (Attachment 7, Section 1.1.3)*
8

9 Q. WHAT IS BELLSOUTH'S POSITION ON THIS ISSUE?
10

11 A. BellSouth's issue statement reflects that all charges incurred under the agreement
12 should be subject to the state's statute of limitations or applicable Commission
13 rules. The Petitioners' issue statement refers only to back billing; however, back
14 billing alone should not be subject to a shorter limitations period than any other
15 claims related to billing under the agreement. It is not appropriate to parse out
16 certain situations. All billing issues should be subject to the same time
17 limitations. Kentucky Statute KRS 278.225 provides that all service supplied by a
18 utility shall be billed within 2 years of the service.
19

20 Q. THE CLECS STATE AT PAGE 95 THAT BACK BILLING SHOULD BE
21 LIMITED TO 90 CALENDAR DAYS. IS THIS REASONABLE?
22

23 A. No. The CLECs' proposal is impractical. Due to the complexity of BellSouth's
24 billing systems, 90 days is not a sufficient amount of time for the retrieval of
25 billing data and records and any system programming to substantiate and support

1 the back billing of under-billed charges. While BellSouth strives to bill incurred
2 charges in a timely manner, it should not be forced to limit back billing to 90
3 days. Further, state statutes and/or Commission Rules were instituted because
4 these governmental bodies recognized that there are many legitimate situations in
5 which back billing 6 months, one year or longer is appropriate to ensure that
6 companies that provide services are allowed to be properly compensated. In the
7 spirit of compromise, BellSouth has agreed to use the same limitations period that
8 the CLECs have agreed to use for the filing of billing disputes - that is two (2)
9 years. Since all billing issues should be handled under the same conditions, a
10 two-year period for all billing issues is a reasonable compromise. It would be
11 inherently unfair to allow one party to raise billing issues for 2 years and the other
12 to only be allowed to raise billing issues for 90 days, 6 months or any period less
13 than two years.

14
15 Q. THE PETITIONERS ARGUE AT PAGE 96 THAT BACK-BILLING
16 ACCORDING TO STATE STATUTES IS TOO LENGTHY AND CREATES
17 BUSINESS UNCERTAINTY. PLEASE RESPOND.

18
19 A. Back billing was established in state statutes and applies to all parties whether a
20 party is the initiator of the charge or the recipient. Because it works both ways, a
21 CLEC could be the recipient in one instance and the initiator in the other. Unless
22 a state commission has established a rule specific to telecommunications billing,
23 the state statute should apply. Further, the rule or state statute should be applied
24 to all billing issues, not just back billing.

25

1 I do not agree that adhering to the state statute on billing issues creates
2 uncertainty. First, such instances are expected to be few on both sides. Second,
3 other businesses are bound by state statute and accept the time limitations and the
4 resulting potential billing as a cost of doing business. Third, the Petitioners want
5 a time certain (90 days) across all states. CLECs deal, just as BellSouth does,
6 with different treatment of issues in different states. For example, every state has
7 different UNE prices, different collocation intervals and requirements and a host
8 of other differences due to decisions by the state commissions, such as the
9 decisions that will result from this arbitration proceeding. I don't agree that it is
10 necessary to establish a single 90-day time limit, and I don't agree that the statute
11 of limitations creates business uncertainty.

12

13 Q. AT PAGE 98, THE PETITIONERS CITE TO SECTION 2.1.7 OF THE
14 AGREEMENT TO DEMONSTRATE THAT BELL SOUTH HAS AGREED TO
15 LIMIT BILLING DISPUTES TO NO MORE THAN TWO YEARS. PLEASE
16 RESPOND.

17

18 A. The language of Section 2.1.7 of Attachment 7 deals with billing that has already
19 occurred and for which a billing dispute has not yet been filed. In that instance,
20 the parties agreed to a two-year limit on the filing of new billing disputes. Based
21 on their reference to Section 2.1.7, the Petitioners apparently believe that two
22 years for filing new billing disputes would not create business uncertainty.
23 Because BellSouth has agreed to two years in Section 2.1.7, BellSouth would
24 agree to two years for back billing.

25

1 *Item 97; Issue 7-3: When should payment of charges for service be due? (Attachment*
2 *7, Section 1.4)*

3

4 Q. WHAT IS BELLSOUTH'S POSITION ON THIS ISSUE?

5

6 A. Payment for services should be due on or before the next bill date (Payment Due
7 Date) in immediately available funds.

8

9 Q. PLEASE PROVIDE RATIONALE FOR BELLSOUTH'S POSITION.

10

11 A. First, the due date requirements as listed in the Access Tariff cannot be
12 differentiated from the due dates for contract rates, both of which appear on the
13 bill. Further, all customer due dates and treatments are generated the same way;
14 therefore, it is not possible to do something different for one customer versus
15 another. Any such change would require a work request, which would apply to
16 all customers. In addition, BellSouth has no way to know when the customer
17 actually receives the bill; thus, it is not reasonable to expect that treatment could
18 be based upon the date the customer receives the bill. Furthermore, BellSouth
19 offers electronic transmission of bills, which would allow Petitioners to receive
20 bills sooner and allow more time for review.

21

22 Q. AT PAGE 104, THE PETITIONERS COMPLAIN THAT THEY NEED AT
23 LEAST 30 CALENDAR DAYS TO REVIEW AND PAY INVOICES. IS THAT
24 REASONABLE?

25

1 A. No. There is no legitimate reason to allow the Petitioners a full thirty calendar
2 days after receiving a bill to make payment. BellSouth invoices each CLEC every
3 30 days, just as it does for retail customers. The bill date is the same each month
4 and each CLEC is aware of its billing due date. Moreover, a CLEC can elect to
5 receive its bills electronically so as to minimize any delay in bill printing and
6 receipt. To the extent a CLEC has questions about its bills, BellSouth cooperates
7 with that CLEC to provide responses in a prompt manner and resolve any issue.
8 It is reasonable for payment to be due before the next bill date. Furthermore, in a
9 given month, if special circumstances warrant, a CLEC may request an extension
10 of the due date and BellSouth does not unreasonably refuse to grant such a
11 request.

12
13 Q. ALSO AT PAGE 104, THE PETITIONERS ALLEGE THAT BELLSOUTH IS
14 "CONSISTENTLY UNTIMELY IN POSTING OR DELIVERING ITS BILLS"
15 AND THAT THERE ARE CIRCUMSTANCES WHEN BELLSOUTH'S
16 INVOICES ARE "INCOMPLETE AND/OR INCOMPREHENSIBLE."
17 PLEASE COMMENT.

18
19 A. Regarding the allegation of untimely bills, from the time the electronic bill goes
20 out (generally 4-6 days after 'bill period'), the CLEC generally has 22 days to
21 review and pay its bill. For example, if the bill day is the first of the month, the
22 billing systems normally pull the data 3-4 days later (say on the 5th). It takes
23 approximately 24 hours for the billing systems to run, sometime after which an
24 electronic feed can be sent. Paper bills will take longer and it is up to the CLEC
25 as to how it wishes to receive its bill.

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The due date is generally 30 days after the bill period. Therefore, the CLEC has approximately three weeks to pay its bill after receipt of the bill electronically. Regarding the allegation of "incomplete and/or incomprehensible" bills, the CLECs do not support this allegation with examples or other factual evidence. If the CLECs would provide such evidence, BellSouth will be glad to investigate. CLECs also need to dedicate sufficient resources to allow them to understand their bills and to timely pay them.

Item 99; Issue 7-5: What recourse should a Party have if it believes the other Party is engaging in prohibited, unlawful or improper use of its facilities or services, abuse of the facilities or noncompliance with the Agreement or applicable tariffs? (Attachment 7, Section 1.7.1)

Q. WHAT IS BELLSOUTH'S POSITION ON THIS ISSUE?

A. Each Party should have the right to suspend or terminate service in the event it believes the other party is engaging in one of these practices and the other party does not cease such activity promptly.

Q. PETITIONERS SAY AT PAGE 107, THAT "SUCH SUSPENSION OR TERMINATION SHOULD NOT BE IMPOSED UNILATERALLY BY ONE PARTY OVER THE OTHER'S WRITTEN OBJECTIONS TO OR DENIAL OF SUCH ACCUSATIONS." THEY SUBSEQUENTLY STATE THAT THE

1 DISPUTE RESOLUTION PROCESS SHOULD BE USED INSTEAD OF
2 UNILATERAL ACTION. PLEASE RESPOND.

3
4 A. The Petitioners suggest that if they disagree with BellSouth's notice, they can
5 continue to engage in the improper action until the state commission rules, which
6 could be a considerable amount of time. This is clearly an unacceptable position.
7 Importantly, BellSouth's language states that BellSouth reserves the right to
8 suspend or terminate service - not that BellSouth will take such action. If the
9 CLEC fails to address the problem, then action will likely be taken. BellSouth's
10 tariffs define the type of activity addressed by this issue and such activity should
11 not be taken lightly or allowed to continue for a protracted period of time.
12 Listening in on party lines, impersonation of another with fraudulent intent,
13 harassing phone calls, threatening calls, use of profane or obscene language, etc.,
14 are a few examples of the activities that could cause suspension or termination of
15 service if not immediately ceased or corrected. Because BellSouth cannot
16 suspend access to LENS on a service-by-service basis, suspension would
17 necessarily impact the CLEC on all services. On the other hand, termination of
18 service can be accomplished on a service-by-service basis. BellSouth may decide
19 to take action with respect to a specific service, but at the same time, if the
20 situation is serious enough and the CLEC fails to take appropriate action or gives
21 no indication that it intends to take action, BellSouth needs the ability to take the
22 appropriate correction action through suspension or termination of the service.

23
24 Q. WHAT ACTION WOULD BELLSOUTH TAKE IN THE EVENT IT HAS
25 EVIDENCE THAT A CLEC IS ENGAGING IN PROHIBITED, UNLAWFUL

1 OR IMPROPER USE OF BELLSOUTH'S FACILITIES OR SERVICES,
2 ABUSE OF THE FACILITIES OR NONCOMPLIANCE WITH THE
3 AGREEMENT OR APPLICABLE TARIFFS?
4

5 A. BellSouth's language states that BellSouth reserves the right to suspend or
6 terminate service - not that BellSouth will take such action. If the CLEC fails to
7 address the problem, then action will likely be taken. BellSouth's tariffs define
8 the type of activity addressed by this issue and such activity should not be taken
9 lightly or allowed to continue for a protracted period of time. Listening in on
10 party lines, impersonation of another with fraudulent intent, harassing phone calls,
11 threatening calls, use of profane or obscene language, etc., are a few examples of
12 the activities that could cause suspension or termination of service if not
13 immediately ceased or corrected. Because BellSouth cannot suspend access to
14 LENS on a service-by-service basis, suspension would necessarily impact the
15 CLEC on all services. On the other hand, termination of service can be
16 accomplished on a service-by-service basis. BellSouth needs the ability to take
17 the appropriate correction action through suspension or termination of the service
18 if the CLEC fails to cure the improper or illegal use. Moreover, since BellSouth
19 will provide notice to the CLEC in the event it intends to suspend or terminate
20 service as a result of such egregious activity, in the event that the parties are
21 unable to reach an amicable solution to curb the activity, the CLEC may file a
22 complaint at the Commission.
23

1 *Item 100; Issue 7-6: To avoid suspension or termination, should CLEC be required to*
2 *pay additional amounts that become past due after the Notice of Suspension or*
3 *Termination for Nonpayment is sent? (Attachment 7, Section 1.7.2)*

4

5 Q. WHAT IS BELLSOUTH'S POSITION ON THIS ISSUE?

6

7 A. Yes, if the CLEC receives a notice of suspension or termination from BellSouth
8 as a result of the CLEC's failure to pay timely, the CLEC should be required to
9 pay all amounts that are past due as of the date of the pending suspension or
10 termination action.

11

12 Q. PLEASE PROVIDE SUPPORT FOR YOUR POSITION.

13

14 A. By definition, the collections process is triggered when a customer does not pay
15 its bills according to the terms of the Agreement. Once in collections, the risk
16 associated with the customer is higher, based on the customer's own behavior.
17 Under the Petitioners' proposed language, BellSouth would be limited to
18 collecting the amount that was stated in the past due letter regardless of the
19 customer's payment performance for subsequent bill cycles. Often, after receipt
20 of a notice of past-due charges, the Parties will enter into discussions related to
21 payment arrangements in an effort to resolve the issue without the need for
22 suspension or termination. During this time, while BellSouth is working with the
23 CLEC to avoid disruption of service to end users, even though the CLEC has not
24 paid for the services, BellSouth is continuing to provide service to the CLEC and
25 any additional payments that become past due subsequent to the first notice

1 should be rectified by the CLEC at the same time as it pays for the original past
2 due charges. This situation only arises when a CLEC fails to fulfill its most
3 fundamental contractual obligation, paying for the services it receives, and
4 BellSouth should not be penalized for its efforts in continuing to provide services
5 while payment arrangements are worked out. Indeed, it would not be in the end
6 users' best interests to incent BellSouth to take a stricter approach to suspending
7 or discontinuing service when a CLEC fails to make the payments that it is
8 contractually obligated to make in a timely manner. BellSouth has the right and
9 responsibility to protect itself from the higher risk associated with non-payment
10 by insuring that customers are not allowed to continue to stretch the terms of the
11 contract and increase the likelihood of bad debt.

12

13 Q. PETITIONERS SAY AT PAGE 109 THAT ONLY THE PAST DUE
14 AMOUNTS EXPRESSLY AND PLAINLY INDICATED ON THE NOTICE OF
15 TERMINATION SHOULD BE REQUIRED TO BE PAID TO AVOID
16 SUSPENSION OR TERMINATION. PLEASE COMMENT.

17

18 A. Allow me to clarify the collections process for past due amounts. For Integrated
19 Billing Solution ("IBS") billed services (non-designed, i.e., UNE-P, etc.), if a
20 customer becomes past due and BellSouth sends a treatment letter requiring the
21 customer to pay a certain past due amount or lose access to BellSouth ordering
22 systems, BellSouth will require that the customer pay that certain amount and any
23 additional amounts for which the customer has received additional treatment
24 letters, or lose access to ordering systems. BellSouth would not withhold access
25 to ordering systems for amounts where collections notice had not been made to

1 the customer. If, however, the customer does not comply and access to ordering
2 systems is denied, payment of all additional amounts that have become past due
3 will be required in order to restore access to the ordering systems. The process
4 for disconnection of service would work in a similar manner. BellSouth would
5 not disconnect a customer if payment were made for all amounts for which a
6 notice has been sent.

7
8 Carrier Access Billed Services (“CABS”) billed services (i.e., designed services)
9 are collected differently. Because the system does not have the capability to issue
10 notices mechanically, the treatment process is more manual. If a notice is sent to
11 a customer for past due balances, and during that treatment process, additional
12 payments become past due, BellSouth will require the customer to pay the amount
13 on the notice, plus any additional amounts that have become past due in order to
14 avoid suspension or termination of services.

15
16 ***Item 101; Issue 7-7: How many months of billing should be used to determine the***
17 ***maximum amount of the deposit? (Attachment 7, Section 1.8.3)***

18
19 Q. WHAT IS BELLSOUTH'S POSITION ON THIS ISSUE?

20
21 A. It is BellSouth's position that the maximum amount of deposit may not exceed the
22 actual or estimated billings for a two-month period. Such a deposit is consistent
23 with the standard practice in the telecommunications industry and BellSouth's
24 practice with its end users.

25

1 Q. WHY DOES BELLSOUTH REQUIRE A DEPOSIT FROM INTERCONNECT
2 CARRIERS?

3

4 A. BellSouth requires a deposit from interconnect carriers to recognize and mitigate
5 the possibility that a CLEC may not be able to fulfill its financial obligations in
6 the future. As the degree of risk increases, the amount of required deposit
7 increases, as well. BellSouth relies on CLEC payment history as well as both
8 internal and independent, third-party financial risk assessment to ultimately
9 establish, or modify, the level of deposit required from a CLEC. BellSouth's
10 intention is not to collect excessive deposits, but rather to collect a deposit amount
11 that is relative to the risk that the CLEC will not honor its payment obligations in
12 the future. For BellSouth to do otherwise would not protect the interests of
13 BellSouth's shareholders, employees or other business partners.

14

15 Q. AT PAGE 112 OF THEIR TESTIMONY, THE PETITIONERS STATE THAT
16 EXISTING CLECS SHOULD BE SUBJECT TO ONLY ONE AND ONE HALF
17 MONTH'S BILLING AS A DEPOSIT, BASED UPON THE MOST RECENT
18 SIX MONTH PERIOD. PLEASE ADDRESS THESE POINTS.

19

20 A. First, BellSouth would agree to use the Petitioners' most recent six-month period
21 to establish the deposit amount. However, BellSouth does not agree with only
22 one and one-half month's billing as a deposit. BellSouth's policy of requiring a
23 deposit of no more than two months of a CLEC's estimated billings is consistent
24 with industry standards. Most telecommunications companies require deposits
25 from their customers to reduce potential losses if a customer ceases to pay its

1 bills. BellSouth is no different. BellSouth is simply using sound business criteria
2 for determining the credit risk of our customers to protect the Company from
3 excessive bad debt. Two months is necessary because BellSouth must wait
4 approximately 74 days before it can disconnect a customer for non-payment.
5 Having a deposit that covers two months of billing still leaves BellSouth at risk of
6 covering 14 days of billing. In today's telecom world, reserving the right to
7 require a deposit of two month's billing is necessary and demonstrates sound
8 business rationale.

9
10 Q. THE JOINT PETITIONERS ASSERT (AT PAGE 113) THAT DEPOSIT
11 TERMS SHOULD TAKE INTO ACCOUNT THAT THE CLECs INVOLVED
12 IN THIS ARBITRATION HAVE ESTABLISHED BUSINESS
13 RELATIONSHIPS WITH BELL SOUTH WITH SIGNIFICANT BILLING
14 HISTORY. DO YOU AGREE?

15
16 A. Yes, but this history for some of the Joint Petitioners is not as flattering as they
17 suggest and, in any event, having an established business relationship does not
18 necessarily limit or minimize BellSouth's risk in providing service to high-credit
19 risk customers, as established by independent, objective credit evaluation tools as
20 well as the customers' own data.

21
22 Q. DO THE PETITIONERS HAVE ESTABLISHED POLICIES REGARDING
23 THE EQUIVALENT AMOUNT OF DEPOSIT THAT MAY BE REQUIRED?

24

1 A. Yes. In many states in BellSouth's region, including Georgia and Kentucky,
2 KMC, NuVox, NewSouth and Xspedius have tariffs in place that specify a deposit
3 amount not to exceed two and one-half months of a customer's estimated monthly
4 billing.

5
6 Q. AT PAGE 113, THE PETITIONERS ARGUE THAT EXISTING CLECS
7 SHOULD HAVE A LESSER DEPOSIT THAN NEW CLECS. DO YOU
8 AGREE?

9
10 A. No. The Petitioners argue that their one and one-half month actual billing deposit
11 proposal is reasonable given their long, substantial business relationships with
12 BellSouth. During the last 2 years, however, a very large number of BellSouth's
13 customers have made timely payments up until the day they filed bankruptcy.
14 Payment history is an indication of how a customer performed in the past, but not
15 how it will perform in the future. A compilation of data including how the debtor
16 pays other suppliers, management history, company history, financial
17 information, and bond rating (indicates the company's ability to obtain financing)
18 all help paint a picture of how a company will perform in the future. A long
19 relationship does not in any way measure credit risk. For example, WorldCom,
20 Adelphia, Cable and Wireless, and Global Crossing all had a long relationship
21 with BellSouth, yet filed for bankruptcy.

22
23 In the event a CLEC fails to pay (after maintaining a good payment history or
24 otherwise), BellSouth is faced with a lengthy process before it can disconnect
25 service. In addition to the period of time for which the CLEC did not pay,

1 BellSouth may be required to provide an additional month (or more) of service
2 while notice is being given and the disconnection process is taking place. This
3 results in at least two months of outstanding debt, even if the CLEC made timely
4 payments prior to that point. As stated previously, a deposit of two months billing
5 is necessary and demonstrates sound business rationale.

6
7 Furthermore, the two-month requirement is extremely reasonable given that
8 BellSouth will refund, return or release any security deposit within 30 calendar
9 days of determining that the customer's creditworthiness indicates a deposit is no
10 longer necessary. At least one Joint Petitioner should be aware of this fact as
11 BellSouth refunded over \$800,000 of a deposit to one of the Joint Petitioners in
12 2003.

13
14 Q. SHOULD THE TIMELINESS OF PAYMENTS BY THE CLEC BE THE
15 PREDOMINANT CRITERIA FOR SETTING THE AMOUNT OF DEPOSIT
16 THAT BELLSOUTH REQUIRES?

17
18 A. No. While the payment history of a CLEC is an important factor in the
19 determination of the required deposit, other independent financial indicators play
20 an equally important role and, in some cases, may outweigh, even a "good"
21 payment history by the CLEC.

22
23 Q. PLEASE EXPLAIN YOUR ANSWER.

24

1 A. There are numerous examples in recent years of perceived financially healthy
2 companies suddenly in serious financial trouble. A high-profile example is
3 Enron, but also includes many telecommunications companies such as Adelphia,
4 MCI, Global Crossing and others. Their financial difficulties may be due to the
5 economy, industry changes, faulty company strategy or accounting irregularities.
6 The point is that nearly all of these entities were perceived as financially healthy
7 and, in most respects, were likely current in their payment of financial
8 obligations. It was only after the company's problems were released to the media
9 that the public, and the company's creditors, became aware of the possibility that
10 the firm in jeopardy may not be able to fulfill its payment obligations.

11

12 That is why BellSouth relies on CLEC payment history as well as both internal
13 and independent, third-party financial risk assessment tools to ultimately
14 establish, or modify, the level of deposit required from a CLEC. BellSouth's
15 intention is not to collect excessive deposits but to collect a deposit amount that
16 will minimize BellSouth's risk in providing service to customers.

17

18 ***Item 102; Issue 7-8: Should the amount of the deposit BellSouth requires from the***
19 ***CLEC be reduced by past due amounts owed by BellSouth to the CLEC? (Attachment***
20 ***7, Section 1.8.3.1)***

21

22 Q. WHAT IS BELLSOUTH'S POSITION ON THIS ISSUE?

23

24 A. No, a CLEC's deposit should not be reduced by past due amounts owed by
25 BellSouth to the CLEC. The CLEC's remedy for addressing non-disputed late

1 payment by BellSouth should be suspension/termination of service or assessment
2 of interest/late payment charges similar to BellSouth's remedy for addressing late
3 payment by the CLEC. KMC has already pursued one of these options with
4 BellSouth - it can bill BellSouth for late payment charges today.

5
6 BellSouth is within its rights to protect itself against uncollectible debts on a non-
7 discriminatory basis. BellSouth must protect against unnecessary risk while
8 providing service to all requesting CLEC providers. The Petitioners are not faced
9 with the same obligation.

10
11 BellSouth is willing to agree that, in the event that a deposit or additional deposit
12 is requested of the CLEC, such deposit request shall be reduced by an amount
13 equal to the undisputed past due amount, if any, that BellSouth owes the CLEC
14 for reciprocal compensation payments pursuant to Attachment 3 of the
15 Interconnection Agreement at the time of the request by BellSouth for a deposit.
16 However, when BellSouth pays the CLEC the undisputed past due amount,
17 BellSouth would be unsecured to the extent of that amount unless there is an
18 obligation on the CLEC's part to provide the additional security necessary to
19 establish the full amount of the deposit that BellSouth originally required.
20 Consequently, any such obligation to offset undisputed past due amounts owed by
21 BellSouth against a deposit request would only be reasonable if BellSouth would
22 be secured in the full amount upon payment by BellSouth of any undisputed past
23 due amount.

24

1 Q. AT PAGE 115, THE PETITIONERS STATE THAT THEY HAVE CONCEDED
2 TO GIVE UP THE RIGHT TO RECIPROCAL DEPOSITS. HOWEVER, IF
3 THEY DO NOT COLLECT DEPOSITS, PETITIONERS SAY THEY SHOULD
4 "AT LEAST HAVE THE ABILITY TO REDUCE THE AMOUNT OF
5 SECURITY DUE TO BELLSOUTH BY THE AMOUNTS BELLSOUTH
6 OWES." PLEASE RESPOND.

7
8 A. The Petitioners' proposal is administratively unmanageable and overly simplistic.
9 The Petitioners' provide no explanation as to how it could be accomplished.
10 Security deposits are established due to a risk of non-payment, not a risk of slow-
11 payment. Deposit amounts relate directly to the risk of default. BellSouth has
12 never defaulted on its payments. Because BellSouth is not buying UNEs and
13 other services from CLECs, there is no reciprocal need for BellSouth to pay a
14 deposit. The problem the Petitioners seek to resolve is not a default issue for
15 which a deposit would be required; it is a slow payment issue. Slow payment
16 should be treated through suspension/termination of service or the application of
17 late payment charges as noted above.

18
19 Q. THE PETITIONERS, AT PAGE 116, STATE THAT BELLSOUTH DOES NOT
20 HAVE A GOOD PAYMENT RECORD; THUS, REDUCED DEPOSIT
21 AMOUNTS IS A REASONABLE MEANS TO PROTECT THE PETITIONERS'
22 FINANCIAL INTERESTS. PLEASE RESPOND.

23
24 A. In the past 12-month period, BellSouth has paid 100% of the invoices received
25 from Xspedius Communications and Xspedius Corporation within 30 days of

1 receipt of these invoices. In the same 12-month period, BellSouth has paid 80%
2 of the invoices received from KMC within 30 days of receipt of these invoices.
3 There have been numerous delays by KMC in providing their invoices to
4 BellSouth, causing delays in payments and additional work effort to verify and
5 pay these invoices. Both KMC and BellSouth have been working together to
6 resolve these delays and progress has been made on the receipt and payment of
7 current and future invoices. BellSouth has not received an appreciable number of
8 invoices from either NuVox or NewSouth during the period since the advent of
9 bill and keep clauses in their interconnection agreements with BellSouth.

10
11 ***Item 103; Issue 7-9: Should BellSouth be entitled to terminate service to a CLEC***
12 ***pursuant to the process for termination due to non-payment if the CLEC refuses to***
13 ***remit any deposit required by BellSouth within 30 calendar days? (Attachment 7,***
14 ***Section 1.8.6)***

15
16 Q. WHAT IS BELLSOUTH'S POSITION ON THIS ISSUE?

17
18 A. Yes, BellSouth should be permitted to terminate service to a CLEC if the CLEC
19 refuses to remit any deposit required by BellSouth within 30 calendar days. Thirty
20 calendar days is a reasonable time period within which a CLEC should meet its
21 fiscal responsibilities.

22
23 Q. PLEASE EXPLAIN BELLSOUTH'S POSITION.

24

1 A. The purpose of the deposit is to help mitigate BellSouth's risk as it provides
2 services worth millions of dollars every month to CLECs. BellSouth has incurred
3 losses on several occasions over the past few years where a CLEC, for one reason
4 or another, did not or was unable to pay its bills. CLECs are valued customers;
5 however, BellSouth has a responsibility to its shareholders and to its other
6 customers to not assume unnecessary risk.

7
8 Q. ON PAGE 118 OF THEIR TESTIMONY, THE PETITIONERS STATE THAT
9 BELL SOUTH'S LANGUAGE WOULD ALLOW BELL SOUTH TO
10 CIRCUMVENT THE DISPUTE RESOLUTION PROVISIONS OF THE
11 AGREEMENT. DO YOU AGREE?

12
13 A. No. The customer has 30 days to dispute the deposit request. To take more time
14 is not reasonable if the customer has a legitimate reason for not paying the
15 deposit. The Petitioners should first send their dispute issue to BellSouth in
16 writing and BellSouth will respond in writing outlining the criteria for the deposit
17 amount and why BellSouth believes the deposit matches the business risk. The
18 dispute would likely go to arbitration; however, if the dispute lingers for more
19 than 60 days, BellSouth's position is that the deposit should be placed in escrow
20 until the dispute is resolved. CLECs have been known to go to a state
21 commission with no legitimate reason to dispute the deposit request, but just to
22 delay paying the deposit.

23

1 *Item 104; Issue 7-10: What recourse should be available to either Party when the*
2 *Parties are unable to agree on the need for or amount of a reasonable deposit?*
3 *(Attachment 7, Section 1.8.7)*
4

5 Q. WHAT IS BELLSOUTH'S POSITION ON THIS ISSUE?

6
7 A. If a CLEC does not agree with the amount or need for a deposit requested by
8 BellSouth, the CLEC may file a petition with the Commission for resolution of
9 the dispute and BellSouth would cooperatively seek expedited resolution of such
10 dispute. BellSouth shall not terminate service during the pendency of such a
11 proceeding provided that the CLEC posts a payment bond for the amount of the
12 requested deposit during the pendency of the proceeding. It would not be
13 reasonable to expect BellSouth to remain completely, or inadequately, unsecured
14 during the pendency of a proceeding -- the purpose of which is to determine if
15 there is a need for a deposit. In fact, to allow such a situation would simply
16 encourage CLECs that are on the verge of filing bankruptcy to file a complaint in
17 order to delay the payment of a deposit while they ready themselves for
18 bankruptcy filing. A requirement that the CLEC post a payment bond takes into
19 consideration the disagreement between the parties with respect to the need for or
20 the amount of a deposit request but also protects BellSouth during the resolution
21 of any dispute over the amount of the deposit.

22

23 Q. WITH REGARD TO POSTING A BOND, THE PETITIONERS STATE AT
24 PAGE 119 THAT "BELLSOUTH'S PROPOSED LANGUAGE WOULD
25 EFFECTIVELY ALLOW BELLSOUTH TO OVERRIDE THE DISPUTE

1 RESOLUTION PROVISIONS OF THE AGREEMENT BY TERMINATING
2 SERVICE TO A CLEC IF THE CLEC DOES NOT POST A PAYMENT
3 BOND..." PLEASE RESPOND.

4
5 A. BellSouth has a responsibility to ensure that risk of nonpayment is minimized and
6 posting a bond or requiring the CLEC to pay into an escrow account serves to
7 minimize BellSouth's risk. In the past two years there have been three instances
8 in which BellSouth has asked a state commission to require a CLEC to pay a
9 deposit where the CLEC has not done so. In all three instances, while BellSouth
10 was waiting for state commission action, the CLEC filed for bankruptcy. In order
11 for BellSouth to minimize the risk of financial loss, BellSouth requests that this
12 Commission require a CLEC to post a bond while a deposit dispute is pending.

13
14 ***Item 106; Issue 7-12: To whom should BellSouth be required to send the 15-day notice***
15 ***of suspension of access to LENS? (Attachment 7, Section 1.91.)***

16
17 Q. WHAT IS BELLSOUTH'S POSITION ON THIS ISSUE?

18
19 A. The 15-day computer-generated notice stating that BellSouth may suspend a
20 CLEC's access to BellSouth's ordering systems should go to the individual(s) that
21 the CLEC has identified as its Billing Contact(s). Since this notice is computer
22 generated it will be sent to the individuals that the CLEC has identified as its
23 Billing Contact(s) and that are loaded into the billing system. If the CLEC wishes
24 to identify additional individuals for the receipt of such notices it may do so and
25 those individuals will be added to that system as CLEC Billing Contacts. Notices,

1 not system generated, of security deposits and suspension or termination of
2 services shall be sent via certified mail to the individual(s) listed in the Notices
3 provision of the General Terms and Conditions of the Agreement in addition to
4 the CLEC's designed billing contact.

5
6 Q. PETITIONERS STATE, AT PAGE 122, THAT ACCESS TO ORDERING
7 SYSTEMS IS VITAL TO A CLEC'S BUSINESS AND IT IS IMPERITIVE
8 THAT SUCH A NOTICE BE PROVIDED NOT ONLY TO THE BILLING
9 CONTACT BUT ALSO TO THE LEGAL/REGULATORY/CARRIER
10 RELATIONS CONTACT OR CONTACTS IDENTIFIED IN THE GENERAL
11 TERMS AND CONDITIONS OF THE AGREEMENT. DO YOU AGREE?

12
13 A. The notice of suspension will be sent to the contact that the CLEC has designated
14 as the billing contact for the account. The notice is sent mechanically, and
15 BellSouth's systems only have the capability to send the notice to a single contact.
16 BellSouth agrees with the Petitioners that access to systems is important to the
17 CLECs. It is BellSouth's responsibility to make sure the notice is sent. It should
18 be the responsibility of the CLEC to implement internal processes to make sure
19 their personnel notify the appropriate management within their company should
20 they be in receipt of such a notice.

21
22 Q. DOES THIS CONCLUDE YOUR TESTIMONY?

23
24 A. Yes.

25

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2 #562847

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8

AFFIDAVIT

STATE OF GEORGIA

COUNTY OF FULTON

BEFORE ME, the undersigned authority, duly commissioned and qualified in and for the State and County aforesaid, personally came and appeared Eddie L. Owens, who, being by me first duly sworn deposed and said that:

He is appearing as a witness before the Kentucky Public Service Commission in Case No. 2004-00044, In the Matter of: Joint Petition for Arbitration of NewSouth Communications Corp., Nuvox Communications, Inc., KMC Telecom V, Inc., KMC Telecom III LLC, and Xspedius Communications, LLC on behalf of its Operating Subsidiaries Xspedius Management Co. Switched Services, LLC, Xspedius Management Co. of Lexington, LLC, and Xspedius Management Co. of Louisville, LLC, and if present before the Commission and duly sworn, his direct testimony would be set forth in the annexed testimony consisting of 15 pages and 1 exhibits.

Eddie L. Owens

Eddie L. Owens

SWORN TO AND SUBSCRIBED BEFORE ME
THIS 14th DAY OF DECEMBER, 2004

Micheale F. Bixler Notary Public

MICHEALE F. BIXLER
Notary Public, Douglas County, Georgia
My Commission Expires November 3, 2005

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BELLSOUTH TELECOMMUNICATIONS, INC.
REBUTTAL TESTIMONY OF EDDIE L. OWENS
BEFORE THE KENTUCKY PUBLIC SERVICE COMMISSION
DOCKET NO. 2004-00044
DECEMBER 17, 2004

Q. PLEASE STATE YOUR NAME, YOUR BUSINESS ADDRESS, AND YOUR POSITION WITH BELLSOUTH TELECOMMUNICATIONS, INC. ("BELLSOUTH").

A. My name is Eddie L. Owens. My business address is 675 West Peachtree Street, Atlanta, Georgia 30375. I am currently a Manager - Interconnection Services Local Operations and have served in my present position since October 2000.

Q. ARE YOU THE SAME EDDIE L. OWENS THAT FILED DIRECT TESTIMONY IN THIS PROCEEDING?

A. Yes. I filed Direct Testimony on November 19, 2004.

Q. WHAT IS THE PURPOSE OF YOUR REBUTTAL TESTIMONY FILED TODAY?

A. My testimony provides rebuttal to the direct testimony of KMC Telecom V, Inc. & KMC Telecom III LLC ("KMC"), NewSouth Communications

1 Corp. (“NewSouth”), NuVox Communications Corp. (“NuVox”), and
2 Xspedius Companies (“Xspedius”), collectively referred to as “Joint
3 Petitioners”. Specifically, I will address the following issue numbers, in
4 whole or in part: 6-11 (Item 94) and 7-2 (Item 96).

5

6 **Item No. 94; Issue No. 6-11 [Sections 3.1.2, 3.1.2.1]: (A) Should the mass**
7 **migration of customer service arrangements resulting from mergers,**
8 **acquisitions and asset transfers be accomplished by the submission of**
9 **an electronic LSR or spreadsheet? (B) If so, what rates should apply?**
10 **(C) What should be the interval for such mass migrations of services?**

11

12 Q. WHAT IS BELLSOUTH’S POSITION ON THIS ISSUE?

13

14 A. BellSouth believes that this issue (including all subparts) is not
15 appropriate for arbitration in this proceeding because it involves a
16 request by the Competitive Local Exchange Carriers (“CLECs”) that is
17 not encompassed within BellSouth’s obligations pursuant to Section
18 251 of the 1996 Act.

19

20 Q. THE JOINT PETITIONERS’ DIRECT TESTIMONY, BEGINNING ON
21 PAGE 94 LINE 8, STATES “THE MANNER IN WHICH BELLSOUTH
22 PROVISIONS UNES IS ABSOLUTELY WITHIN THE PARAMETERS
23 OF SECTION 251”. DO YOU AGREE?

24

25 A. Yes. However, the accomplishment of a mass migration due to a

1 merger, acquisition, or asset transfer between two (2) CLECs is not the
2 same as "provisioning UNEs". When BellSouth provisions a UNE
3 individual account, it is either moving an end user's service from
4 BellSouth, or a CLEC, to another CLEC or it is installing new service to
5 an end user based on a request from a CLEC. The activities to move
6 a single end-user's account will require a different overall process than
7 that involved with a mass migration due to a merger, acquisition, or
8 asset transfer.

9
10 The provisioning of individual UNEs is accomplished when the CLEC
11 submits a Local Service Request ("LSR") to BellSouth for the desired
12 service. BellSouth's Local Carrier Service Center ("LCSC") processes
13 the request by issuing service orders which flow to downstream
14 systems and organizations which are ultimately responsible for the
15 physical provisioning of the UNE in BellSouth's Central Office and/or
16 Field Work Groups.

17
18 Mass migrations associated with mergers, acquisitions or asset
19 transfers are accomplished when one CLEC desires to merge their
20 existing BellSouth accounts with that of another CLEC. In order to
21 achieve this, BellSouth must issue massive amounts of service orders.
22 The number of orders that must be issued is dependant on the number
23 of accounts which are involved. These service orders will flow to
24 BellSouth's downstream systems to update the records to reflect the
25 new CLEC information.

1 Q. SUBPART (A) OF THIS ISSUE ASKS THE QUESTION “SHOULD
2 THE MASS MIGRATION OF CUSTOMER SERVICE
3 ARRANGEMENTS RESULTING FROM MERGERS, ACQUISITIONS
4 AND ASSET TRANSFERS BE ACCOMPLISHED BY THE
5 SUBMISSION OF AN ELECTRONIC LSR [THAT IS, A LOCAL
6 SERVICE REQUEST] OR SPREADSHEET?” WHAT IS
7 BELL SOUTH’S POSITION ON SUBPART (A) OF THIS ISSUE?
8

9 A. As stated in my Direct Testimony, as to subpart (A), BellSouth’s
10 position is that each and every merger, acquisition, or asset transfer is
11 unique and requires project management and planning to ascertain the
12 appropriate manner in which to accomplish the transfer, including how
13 orders should be submitted. BellSouth’s mergers and acquisitions
14 process is as shown on attached Exhibit ELO-1 and is also posted on
15 BellSouth’s interconnection website:

16 http://www.interconnection.bellsouth.com/ma_process/

17 This process identifies the steps that need to be taken by a CLEC to
18 initiate a mergers and acquisition request to BellSouth. All of the forms
19 needed to submit a request for mergers and/or acquisitions, including
20 spreadsheet templates, are provided on this website for the CLECs to
21 use as part of the mergers and acquisition process.
22

23 BellSouth does not have an obligation to provide electronic ordering for
24 this service simply because the low volumes of this type of request do
25 not warrant the expenditures and resources that would be necessary to

1 mechanize this ordering process. However, as stated above,
2 BellSouth does allow the submission of spreadsheets as part of the
3 process. It is notable that the FCC recognized in its BellSouth 271
4 *Georgia/Louisiana Order*¹ that “BellSouth properly designs its systems
5 so that a minimal number of orders [products] cannot be ordered
6 electronically.”

7

8

9 Q. ON PAGE 90 OF THEIR TESTIMONY, THE JOINT PETITIONERS
10 DISCUSS “THE NEED TO ENSURE THAT THERE IS AN EFFICIENT,
11 PREDICTABLE AND LAWFULLY PRICED PROCESS IN PLACE FOR
12 ACCOMPLISHING THE MASS TRANSFER OF CUSTOMERS AND
13 ASSOCIATED SERVING ARRANGEMENTS FROM ONE CARRIER
14 TO ANOTHER.” PLEASE COMMENT.

15

16 A. BellSouth agrees that there should be an efficient, predictable, and
17 lawfully priced process in place and, as I described in my direct
18 testimony and further below, BellSouth provides such a process. The
19 Joint Petitioners’ claim for an “efficient, predictable, and lawfully priced
20 process” is quite interesting given that the Joint Petitioners are
21 litigating this issue instead of using the process established by
22 BellSouth and thus running the risk of using the obtaining nine (9)
23 different processes and prices.

24

25 Q. THE JOINT PETITIONERS FURTHER STATE “IT IS IN

¹ *Georgia/Louisiana 271 FCC Order 02-147* (WC Docket No. 02-35), May 15, 2002, at ¶149.

1 CONSUMERS' BEST INTERESTS THAT SUCH TRANSITIONS
2 HAPPEN SEAMLESSLY, QUICKLY AND AT A REASONABLE
3 PRICE". DO YOU AGREE?
4

5 A. Yes. BellSouth certainly agrees that transitions, made as a result of a
6 merger, acquisition, or asset transfer, should happen seamlessly for
7 the consumer. That is why BellSouth's mergers and acquisitions
8 process involves a Project Manager to help ensure that there is little or
9 no impact to the consumer. BellSouth also agrees that the transitions
10 should be accomplished as quickly as possible without jeopardizing the
11 consumer's service. It is also BellSouth's position that the transitions
12 will be accomplished at a reasonable price. However, because of the
13 unique nature of every merger, acquisition or asset transfer, BellSouth
14 cannot agree to a static set of terms, conditions, and prices that, in all
15 likelihood, will not apply to the given situation.
16

17 Q. THE JOINT PETITIONERS CLAIM, ON PAGE 90 OF THEIR
18 TESTIMONY, THAT "BECAUSE MASS MIGRATIONS ESSENTIALLY
19 AMOUNT TO BULK PORTING/BULK CHANGE SITUATIONS, THEY
20 ARE NOT EXTRAORDINARILY COMPLEX AND THEY DO NOT
21 REQUIRE BELLSOUTH TO DO NEW AND UNIQUE THINGS." DO
22 YOU AGREE?
23

24 A. No. Mass migrations and bulk number porting are not necessarily the
25 same. For example, bulk number porting is simply number porting on

1 a bulk basis. On the other hand, mass migrations associated with
2 mergers, acquisitions, and/or asset transfers are, by their nature,
3 unique situations that do not necessarily require number porting. One
4 example of this would be if Company A acquired Company B. This
5 would result in Company A obtaining all of Company B's switches and
6 eliminating any need for porting. In this situation, however, the transfer
7 of all of the services that terminate to Company B's collocation spaces,
8 whether tariffed services or unbundled network elements, would need
9 to be coordinated with the transfer of the collocation space to ensure
10 that service could be maintained and that the various databases and
11 systems, such as Trunks Integrated Record Keeping System
12 ("TIRKS"), Loop Facilities Administration and Control System
13 ("LFACS"), Switch, Loop Maintenance Operations System ("LMOS"),
14 Work Force Administration ("WFA"), billing, etc., that are involved in
15 the provisioning and maintenance of these circuits and the collocation
16 spaces would all reflect the new owner. Failure to coordinate this effort
17 would result in orders not being able to be provisioned due to incorrect
18 information residing in one or more systems.

19
20 Further, NewSouth has had discussions with BellSouth's mergers and
21 acquisitions team concerning the merger of NewSouth and Nuvox.
22 And, they are fully aware that this type of merger is more than just bulk
23 number porting. In fact, this team has explained to NewSouth what
24 must be done to accomplish such a merger but NewSouth/NuVox
25 informed BellSouth that they will not initiate a mergers and acquisitions

1 request until this arbitration proceeding is resolved. The fallacy of this
2 approach is that, instead of negotiating and agreeing to a uniform
3 process that will apply throughout BellSouth's region, NewSouth and
4 NuVox have chosen instead to delay any actual merger by litigating
5 this issue.

6
7 BellSouth has worked for more than a year to develop a process that
8 will permit all of the various services that a carrier purchases to be
9 transferred in an orderly manner pursuant to one process and in
10 timeframes that the parties will negotiate based on the prioritization
11 that the carrier's needs dictate.

12
13 As previously stated, this process will coordinate the transfer of all
14 services provided by BellSouth and will ensure a seamless transfer.
15 What the CLECs fail to appreciate is that it is in BellSouth's best
16 interests to have its records accurately reflect the appropriate
17 responsible party, just as it is in the CLEC's best interests to have
18 BellSouth's records accurately reflect its circuits, etc. And BellSouth
19 has accomplished this goal with its current proposal – a proposal that
20 the Joint Petitioners refuse to even try before litigating.

21
22 Q. SUBPART (B) OF THIS ISSUE ASKS THE QUESTION "IF SO, WHAT
23 RATES SHOULD APPLY?" WHAT IS BELL SOUTH'S POSITION ON
24 SUBPART (B) OF THIS ISSUE?

25

1 A. As to application of rates as referenced in subpart (B), BellSouth
2 believes that the rates, by necessity, must be negotiated between the
3 Parties based upon the particular services to be transferred and the
4 type and quantity of work involved. The negotiation of rates and
5 intervals is included in the transfer agreement that is part of the
6 mergers and acquisition process that I mentioned previously.
7 BellSouth is working to provide a list of the applicable rates that can be
8 included in the mergers and acquisitions process discussed above.
9 This list will be added to the merger and acquisition process available
10 on the website referenced above. This will give the CLECs an idea of
11 the charges involved based on the types and volumes of services
12 involved in the merger and/or acquisition.

13
14 Q. SUBPART (C) OF THIS ISSUE ASKS "WHAT SHOULD BE THE
15 INTERVAL FOR SUCH MASS MIGRATIONS OF SERVICES?"
16 WHAT IS BELLSOUTH'S POSITION ON SUBPART (C) OF THIS
17 ISSUE?

18
19 A. BellSouth's position is that no finite interval can be set to cover all
20 potential situations. While shorter intervals can be committed to, and
21 met for, small simple projects, larger and more complex projects
22 require much longer intervals and prioritization and cooperation
23 between the Parties. The experience that BellSouth has, with the
24 limited number of mergers and acquisition requests it has received,
25 demonstrates that each such request is unique and requires flexibility

1 on the part of BellSouth and the CLECs involved to accomplish the
2 merger and/or acquisition successfully. This being said, BellSouth is
3 working to establish interval guidelines that will be added to the merger
4 and acquisition document referenced above. The intervals will be set
5 based on the volumes and types of services involved in the merger
6 and/or acquisition.

7
8 Q. THE JOINT PETITIONERS, ON PAGE 93 OF THEIR TESTIMONY,
9 STATE "MIGRATIONS SHOULD BE COMPLETED WITHIN TEN (10)
10 CALENDAR DAYS OF AN LSR OR SPREADSHEET SUBMISSION".
11 IS THIS REASONABLE?

12
13 A. No. As is stated above and in my direct testimony, the length of time it
14 takes to complete a mass migration associated with a merger,
15 acquisition, or asset transfer must be based on the volume and type of
16 accounts involved. This approach simply is not realistic.

17
18 Q. ON PAGES 93-94 OF THEIR TESTIMONY, THE JOINT
19 PETITIONERS ALLEGE THAT BELLSOUTH'S USE OF PROJECT
20 MANAGEMENT IN THIS PROCESS IS AN EXCUSE TO DELAY THE
21 CONVERSION OF CUSTOMERS. IS THIS ACCURATE?

22
23 A. Absolutely not. As I previously stated, Project Management is used in
24 this process to help ensure that the conversions are performed without
25 affecting the end users involved. The Project Manager also monitors

1 the progress of the conversion work within the various organizations
2 that must perform the work required to complete the project and helps
3 to ensure that the work is completed within the timeframes that have
4 been committed to the CLEC. BellSouth has nothing to gain from
5 delaying the completion of this type work. To the contrary, it is to
6 BellSouth's advantage to ensure that this work is completed accurately
7 and timely.

8

9 **Item No. 96; Issue 7-2: (A) What charges, if any, should be imposed for**
10 **records changes made by the Parties to reflect changes in corporate**
11 **names or other LEC identifiers such as OCN, CC, CIC and ACNA? (B)**
12 **What intervals should apply to such changes? (Attachment 7, Section**
13 **1.2.2)**

14

15 Q. WHAT IS BELLSOUTH'S POSITION ON THIS ISSUE?

16

17 A. First, this issue (including subparts A & B) is not appropriate for
18 arbitration in this proceeding because it involves a request by the
19 CLECs that is not encompassed within BellSouth's obligations
20 pursuant to Section 251 of the 1996 Act. That being said, BellSouth is
21 permitted to recover its costs ((whether for one (1) "LEC Change" or
22 one hundred)) and the requesting CLEC should be charged a
23 reasonable records change charge. Requests for changes that occur
24 as a result of mergers, acquisitions and/or transfer of assets will be
25 handled through the mergers and acquisition process previously

1 discussed.

2

3 Q. THE JOINT PETITIONERS STATE, AT PAGE 99 OF THEIR
4 TESTIMONY, "GENERALLY 'LEC CHANGES' ARE SIMPLE
5 ADMINISTRATIVE CHANGES THAT ARE NOT UNDULY TIME OR
6 LABOR INTENSIVE." DO YOU AGREE?

7

8 A. No. First, a name change, even if it does not include an asset change
9 in ownership, is not a simple administrative change. With companies
10 the size of the CLECs involved in this arbitration, there are numerous
11 services, circuits, collocation arrangements, and other arrangements
12 that must undergo the records change. For instance, information in
13 systems such as Trunks Integrated Record Keeping System ("TIRKS"),
14 Loop Facilities Administration and Control System ("LFACS"), Switch,
15 Loop Maintenance Operations System ("LMOS"), billing, etc., all must
16 be changed in a merger.

17

18 These record changes are at the request of the CLEC, not BellSouth.
19 As the cost causer, the CLEC should be responsible for the cost of the
20 change, no matter if it is once per year or once in ten (10) years.

21 Further, during a merger, acquisition, or whatever activity is
22 precipitating the name or other records change, the company or
23 companies involved should consider such costs as part of the business
24 arrangement. These record changes require work to be performed
25 that generates costs that BellSouth should be permitted to recover. It

1 is not appropriate or fair to require BellSouth to fund the cost of the
2 name change for these companies. The suggestion that a “free”
3 change once a year is somehow reasonable along with the implication
4 that it doesn’t cost BellSouth anything to make changes is simply
5 wrong, and patently unfair. As I discussed above, BellSouth is working
6 to include a list of the applicable rates that can be associated with this
7 activity associated with BellSouth’s mergers and acquisitions process.
8 This will be added to the mergers and acquisitions process posted on
9 the website referenced above.

10
11 Q. THE JOINT PETITIONERS STATE, AT PAGE 99 OF THEIR
12 TESTIMONY, “IN THE COMMERCIAL SETTING, BUSINESSES
13 HAVE TO DEAL EVERY DAY WITH CORPORATE
14 REORGANIZATIONS, MERGERS, ACQUISITION, ETC. MOST
15 BUSINESSES, HOWEVER, DO NOT GET TO IMPOSE A CHARGE
16 FOR MAKING A SYSTEM MODIFICATION TO RECOGNIZE A
17 CHANGE IN A CUSTOMER’S CORPORATE STATUS OR IDENTITY.”
18 PLEASE RESPOND.

19
20 A. Once again, the Joint Petitioners attempt to simplify a complex issue
21 by comparing this situation to a commercial setting governed by
22 commercial contracts. This is not a commercial setting governed by a
23 normal commercial contract. And the cost of unbundled network
24 elements and interconnection do not include the administrative costs
25 BellSouth incurs for changing a CLEC’s corporate name or other

1 company codes. The Petitioners argue that these changes are as
2 simple as a subscriber contacting *Sports Illustrated* to change his or
3 her address. This analogy, however, is not true. When corporate
4 names are changed in the telecommunications industry, numerous
5 changes in multiple billing databases and other record databases must
6 be made. In some cases, there could be hundreds of thousands of
7 accounts involved and each of those accounts will have to be changed.
8 As such, the cost caused by the CLEC should be borne by the CLEC.

9
10 Q. ON PAGE 100 OF THEIR TESTIMONY, THE JOINT PETITIONERS
11 HAVE PROVIDED EXAMPLES OF INTERCONNECTION
12 AGREEMENTS THAT THEY CLAIM INCLUDE PROVISIONS WHERE
13 AN ILEC HAS AGREED TO PROVIDE A "LEC CHANGE" ONCE PER
14 YEAR WITHOUT CHARGE. IS THIS RELEVANT TO THIS
15 PROCEEDING?

16
17 A. In my opinion, it is not relevant. BellSouth, and most likely the Joint
18 Petitioners, are not privy to the negotiations that took place that
19 resulted in these agreements. In any negotiation, there is some
20 amount of give and take involved and as such BellSouth does not
21 know under what circumstances these agreements were made.
22 Additionally, each of the agreements cited are outside of BellSouth's
23 region and do not involve any of the CLECs that make up the Joint
24 Petitioners. Thus, it is my opinion that these agreements are not
25 relevant to this proceeding.

1

2 Q. WHAT IS BELLSOUTH'S POSITION ON ITEM 96(B)?

3

4 A. The interval for any such project would be determined based upon the
5 complexity of the project. As I discussed previously, the negotiation of
6 rates and intervals is included in the transfer agreement that is part of
7 the mergers and acquisition process. It is extremely difficult, if not
8 impossible, to establish an interval before the scope of the project and
9 required work has been determined. The time it takes to change
10 records on 500 circuits will necessarily differ from the length of time it
11 will take to change 60,000 circuits. It is only reasonable that the
12 quantity of circuits, collocation arrangements, etc., would drive the
13 length of time it would take to complete the records' changes.
14 However, as discussed above, BellSouth is working to provide interval
15 guidelines that will be added to the mergers and acquisitions process
16 discussed above. This will give the CLECs an expectation of how long
17 it will take to accomplish this type of LEC name change based on the
18 types and volumes of services involved.

19

20 Q. DOES THIS CONCLUDE YOUR TESTIMONY?

21

22 A. Yes.

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Welcome

WELCOME to the *Mergers and Acquisitions (M&A)* home page. The Mergers and Acquisition Process is designed to assist Wholesale Customers during their merger, acquisition, and consolidation of accounts. The Process supports all Wholesale Customers and provides step by step instructions and guidance for the ease of this critical transaction.

This home page contains links to supporting processes in an effort to provide comprehensive information useful during and at the conclusion of the M&A process. These pages contain the documents and forms essential to the M&A process, frequently asked questions as well as a method to contact us for further assistance.

If you have any questions, please contact **Your BellSouth Mergers and Acquisition Chairperson** via e-mail at Contact Us. BellSouth will respond in 3 business days.

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Mergers & Acquisitions Process

1.0 Description

A merger is defined as the consolidation of two companies. In a merger, the merged company ceases to exist as a separate business and legal entity. The acquiring company assumes the assets, liabilities, franchises, and powers of the merged company by operation of law (i.e., automatically).

An acquisition applies when Company A acquires some or all of the property of company B. Typically asset acquisitions involve the transfer of some of the telephone "exchanges" operated by the selling company

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Mergers & Acquisitions Process

2.0 Expectations

The acquiring CLEC or IXC will complete Level 1 and Level 2 Checklists that will assist BellSouth in determining how the transaction will be managed. The acquiring CLEC or IXC will also be responsible for providing a spreadsheet inventory of the transferring assets.

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Mergers & Acquisitions Process

3.0 Restrictions

- No interruption or disconnection in service use.
- No relocation of all existing service.
- The new customer (Assignee) assumes all outstanding indebtedness for such services, any un-expired portion of the minimum period, and the termination liability (if any) associated with the services involved in the transfer. If the new customer does not agree to assume responsibility for all charges, Transfer of Service is not applicable and N & D orders are required.
- An outright purchase
- Acquisition of an existing business
- The merging of two or more existing businesses
- Establishment of a new/changed business structure: i.e.

Sole ownership - Partnership - Corporation

- No service order(s) will be issued/released to execute a Transfer of Service prior to the receipt of proper written agreement from both the Assignor (former owner) and the Assignee (new owner). If the former company has already been dissolved, the Transfer Document will not be appropriate.

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Mergers & Acquisitions Process

4.0 Rates

The cost of implementing the merger changes within BellSouth is dependent of the quantity and type of services involved in the merger as well as tariff defined and negotiated rates.

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Mergers & Acquisitions Process

5.0 Let's Get Started

- Contact BellSouth as noted in the notices section of the Interconnection Agreement or your Account Team Representative, we will guide you through the process and advise where to submit forms.
- Request PSC approval of the acquisition
- Verify all NECA changes and additions
- Complete and submit credit profile

<http://interconnection.bellsouth.com/forms/lec/pdf/rf-3950.pdf>

- Submit a letter providing the details of the "assumption of services" should be from the 'acquiring' customer on their letterhead
- Complete and submit level 1 checklist
- Provide inventory spreadsheets
- Should document how the 'transferring' customer's ACNA and/or OCN will be used in the issuance of service orders if applicable.
- Provide all legal names that are used or will be used in the application to BellSouth Sign the Transfer Agreement

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Credit Profile

Return By Fax To: 404-986-0166

Complete, sign and fax to: 404-986-0166 Attention: Business Credit Management		Estimated Monthly billing with BellSouth \$ _____	
For questions concerning this application call 888-634-4114		New customer <input type="checkbox"/> Existing customer <input type="checkbox"/>	
Please Print And Complete All Information.		Attach Copy of Fiscal Audited Statement (if available)	
Type of Business Applying For:			
<input type="checkbox"/> Local (Resale)	<input type="checkbox"/> Facility Based	<input type="checkbox"/> Payphone Services Provider (# of lines in the first 6 months) _____	
<input type="checkbox"/> Access	<input type="checkbox"/> CMRS (Wireless)	<input type="checkbox"/> Other _____	
Company Information			
Business Name (Legal Name)		Doing Business As (Trade Style)	
Please Check One:			
<input type="checkbox"/> Corporation	<input type="checkbox"/> Partnership	<input type="checkbox"/> Sole-Proprietor	<input type="checkbox"/> Other
Street Address		City	State Zip
Corporate Office Location (If different from above)		City	State Zip
(Area Code) Telephone Number	(Area Code) Fax Number	E mail address of business	
Are you presently a Bellsouth Customer in another area of business? <input type="checkbox"/> Yes <input type="checkbox"/> No			
Contact name for additional information (if needed)		Contact e mail address:	
Officer's Names			
President	CFO	CEO	
Company History			
Year Business Established	Principal Business of Firm	Company Web Site:	
Business Credit References			
Company Name		City	State (Area Code) Telephone Number
Account Number	Contact Name		
Company Name		City	State (Area Code) Telephone Number
Account Number	Contact Name		
Company Name		City	State (Area Code) Telephone Number
Account Number	Contact Name		
Bank Reference			
Bank Name		City	State Account Number
Banking Officer		(Area Code) Telephone Number	(Area Code) Fax Number
I hereby authorize you to release to BellSouth any and all information, which they may request concerning my account. I understand that such information will be held strictly confidential and will remain BellSouth's property whether or not credit is extended. I understand that security may be required by BellSouth to establish service. I certify that the above information provided for this credit profile is true and correct to the best of my knowledge.			
Signature (Authorized Individual Only)		Print Name	Date (MM/DD/YYYY)

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Mergers & Acquisitions Process

6.0 Collocation

If Collocation:

- Customer prepares an application in e-Application, prints the application, but does not submit the application until the agreement is finalized and the distribution of applications is authorized)
- Submit a Letter of Authorization (LOA) for the transfer and release of the of the collocation arrangement(s).
 - Should be from the 'transferring' customer on their letterhead.
 - Should include the Reference Number for each arrangement.
- Submit a letter providing the details of the "assumption of services"
 - Should be from the 'acquiring' customer on their letterhead
 - Should document how the 'transferring' customer's ACNA will be used in the issuance of service orders for services.
- Submit a complete list of the Collocation Billing Account Numbers (BANS) that will be transferred.
- Submit a complete list of all terminations (CFA) and circuits for each arrangement that will be transferred.
 - Use the attached template and provide all requested information.
- Submit a hard copy of the application to transfer ownership for each collocation arrangement being transferred.
 - Enter the application in BellSouth's eApplication system. Print a copy of the application but do not submit it until the *Transfer Agreement* has been signed.
- Submit a Virtual Collocation Equipment Inventory/Acceptance List for each virtual collocation arrangement.
- Contact your Contract Negotiator to discuss any necessary contractual revisions.
- Sign the Transfer Agreement
- Submit the e-applications(s) once the Transfer Agreement has been signed and all information and details are complete.
- The customer (buyer) and/or certified vendor is responsible for ALL re-stenciling. This includes, but is not limited to, Virtual equipment and/or cable/pair interconnection points.
- e-Application
<https://collocation.bellsouth.com>

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Mergers & Acquisitions Process

7.0 Forms

MNA Level I Initial Checklist V06	MNA Special Access TOS Spreadsheet V11
MNA Level II Access Trunking/Operator Services PrePlan V05	MNA Trunking/Operator Services Spreadsheet V1
MNA Level II Local Trunking/Operator Services PrePlan V05	MNA UNEp Spreadsheet V1
MNA Level II QACCT PMAP SEEM V03	MNA Right Of Way V1
MNA Level II Special Access Preplan V031	TORC DForm
MNA Level II UNE PrePlan V01	TORC NDForm
MNA Level II Wireless PrePlan V031	MNA Level II Wireless Trunking PrePlan V051
MNA Wireless Trunking Spreadsheet v11	MNA Wireless Non-Access Specials Spreadsheet v11
Line Sharing Spreadsheet Issue 11	Line Splitting Spreadsheet Issue 11

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Mergers & Acquisitions Process

8.0 Links

[Do you want to become a CLEC?](#)

[Do you want to become a Wireless Provider?](#)



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Mergers & Acquisitions Process

9.0 Glossary

Merger - The consolidation of two companies. In a merger, the merged company ceases to exist as a separate business and legal entity. The surviving company assumes the assets, liabilities, franchises, and powers of the merged company by operation of law (i.e., automatically)

Asset acquisition - Company A acquires some or all of the property of company B. Typically asset acquisitions involve the transfer of some of the telephone "exchanges" operated by the selling company.

Company - A legal entity, formed under the laws of a particular state usually to operate a business of some type (e.g., provision of telephone service). Other types of legal entities that may perform similar functions include cooperatives, partnerships, limited liability corporations (LLCs), sub chapter S corporations, etc. For simplicity, all are referred to a "companies" in this document. As a legal entity, a "company" has the status similar to a person and can sign contracts, employ people, own assets (including other companies), and buy and sell goods and services.

M&A Chair - Merger and Acquisition Chairperson, a program manager and whose responsibility is to guide wholesale customers through the M&A process.

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10.0 FAQs

Question 1: My company, ABC Telco, has just merged with Just in Time Telecom. What do I need to do to get their customers brought over to ABC Telecom's ACNA?

Answer: If you are a CLEC- then refer to the notices section in your ICA. If you are an IXC, contact your Account Team Representative.

Question 2: If my company has merged in the corporate world, why do I have to go through a merger process with BellSouth?

Answer: If BST is not notified, you will still operate as separate entities.

Question 3: My company, ABC Telecom, already does business with BellSouth and the company we just merged with, Just in Time Telecom, does as well. Why are we charged to go through the merger process with BellSouth?

Answer: There are costs associated with the changes that BST must make to align our records with the new single entity.

Question 4: Why do I need to provide a list of customers/circuits to BellSouth in order to combine my inventory?

Answer: BST requires an explicit listing of all products that are affected by the merger to ensure that the assets you have acquired are correctly identified.

Question 5: My company already has a deposit on file with BellSouth. Why do I have to go through the credit process again now that my company has been through a merger?

Answer: You are assuming additional assets that may require analysis.

Question 6: My company just merged with another provider. We both currently have PSC certification. Do we have to contact the PSC/Regulatory boards about our merger?

Answer: Yes

Question 7: My company has not kept very good records over the years. What can I do if I cannot provide BellSouth an acceptable inventory of my circuits/customers?

Answer: BellSouth has an internal organization that will assist you in preparing the inventory.

Question 8: How long will the BellSouth merger process?

Answer: All timeframes are negotiated.

Question 9: What will the BellSouth merger process cost?

Answer: The rates are dependent upon the services that are impacted by the merger.

Question 10: Can my BellSouth Account Team handle this process for me?

Answer: Your merger process involves many BellSouth representatives, of which your Account Team is one.

Question 11: What documentation should I provide to BellSouth to begin the merger process?

Answer: Please refer to the Merger website. A list of forms and other documentation requirements are identified on this website.

Question 12: What is a merger?

Answer: Get definition from website.

Question 13: Will new account numbers be assigned after completion of merger?

Answer: Establishment of new accounts or use of existing accounts is dependent on the merger activities and will be communicated to you via the Merger and acquisition chairperson.

Question 14: How can I be assured that the merger process is complete?

Answer: The M&A chairperson will coordinate the merger on your behalf and contact you during the merger process and up on completion.

To: Terri.Douglas@BellSouth.com; Carolyn.Cauthen@BellSouth.com; Amanda.Butler2@BellSouth.com
Subject: Mergers and Acquisitions Internet site